

MINING LEASE

THIS MINING LEASE, made and entered into this 5<sup>th</sup> day of December, 1980, by and between RICHARD GERISH, of Eureka, Nevada, and LEE BRITTON, of Elko, Nevada, parties of the first part, hereinafter called "Lessors", and ANDREW A. McDERMETT, of Meridian, Idaho, party of the second part, hereinafter called "Lessee";

W I T N E S S E T H:

That Lessors, for and in consideration of the royalties as hereinafter provided and the covenants and agreements hereinafter expressed, and by the Lessee to be paid, kept and performed, have granted, demised and let, and by these presents do grant, demise and let, unto the Lessee, and the Lessee does hereby hire and take from the Lessors the following unpatented mining claims situate in the Union Mining District of Eureka County, Nevada, and more particularly described as follows, to-wit:

SECTION 19 and 20, T26N, R53E, MDB&M

THE UNPATENTED L &amp; R #3 MINING CLAIM

THE UNPATENTED L &amp; R #4 MINING CLAIM

THE UNPATENTED L &amp; R #5 MINING CLAIM

THE UNPATENTED L &amp; R #6 MINING CLAIM

THE UNPATENTED L &amp; R #7 MINING CLAIM

THE UNPATENTED L &amp; R #8 MINING CLAIM

THE CUB UNPATENTED MINING CLAIM

THE CUB #1 UNPATENTED MINING CLAIM

THE CUB #2 UNPATENTED MINING CLAIM

THE CUB #3 UNPATENTED MINING CLAIM

THE CUB #4 UNPATENTED MINING CLAIM

THE CUB #5 UNPATENTED MINING CLAIM

THE CUB #6 UNPATENTED MINING CLAIM

THE CUB #7 UNPATENTED MINING CLAIM

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THE CUB #8 UNPATENTED MINING CLAIM  
THE CUB #9 UNPATENTED MINING CLAIM  
THE CUB #10 UNPATENTED MINING CLAIM  
THE CUB #11 UNPATENTED MINING CLAIM  
THE CUB #12 UNPATENTED MINING CLAIM

TOGETHER with the full right of ingress and egress to the foregoing described mining claims for the purpose of exploration and for the further purpose of conducting mining operations thereon.

TO HAVE AND TO HOLD the said mining claims unto the said Lessee for the term of ten (10) years from the date hereof, unless sooner forfeited or determined by Lessors as hereinafter provided, or unless sooner surrendered by Lessee as hereinafter provided.

In consideration of the payments, as hereinafter provided, and further provided that Lessee has satisfactorily performed all of the covenants and conditions of this Lease in a timely manner, Lessee shall be granted the exclusive option to renew this Lease for an additional period of ten (10) years upon the same terms and conditions as herein set forth.

In consideration for the foregoing, Lessee shall pay to Lessors, coincidentally with the execution of this Lease, the sum of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00), in current lawful money of the United States of America, which said sum shall be considered as ~~advance~~ royalties and which may be credited to Lessee at the rate of TWO DOLLARS (\$2.00) per ton for each TWO THOUSAND POUNDS (2,000) of barite ore mined and shipped from the above demised claims. When the full ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) shall have been recouped, as aforesaid, then, at that time, Lessee shall pay to Lessors a royalty in the sum of FOUR DOLLARS (\$4.00) per ton on all ores mined and shipped from the above demised mining claims.

In addition to the foregoing, Lessee shall pay to Lessors a minimum monthly payment of THREE THOUSAND DOLLARS (\$3,000.00),

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per month, for a period not to exceed six (6) months from the date hereof, during which time the above demised mining claims are being prepared to be put into production by Lessee. Such minimum monthly rentals shall not be refundable nor are they to be considered as advance royalties.

All royalties payments as hereinabove provided shall be paid by Lessee to Lessors not later than the 25th day of the month following the month in which said ores shall have been mined and ~~shipped~~ <sup>PLC Miller Co.</sup> from the above demised claims, together with a full and complete accounting of all such ores mined and ~~shipped~~ <sup>Miller Co.</sup>, and together with copies of all bills of lading or certified truck weights in connection with such ores mined and ~~shipped~~ <sup>Miller Co.</sup>.

Commencing not later than six (6) months after the date of the execution of this Lease, Lessee specifically covenants and agrees that he will produce not less than TEN THOUSAND TONS (10,000) of barite ore monthly from the above demised mining claims, unless prevented from so doing by extreme weather, conditions, strikes, wars, insurrections, governmental interference, or acts of God, it being further understood, however, that during such periods of putdowns, Lessee will pay to Lessors a minimum monthly rental of THREE THOUSAND DOLLARS (\$3,000.00), per month, until production of ore shall be resumed.

With regard to the foregoing rentals and royalties, it is specifically understood and agreed, by and between the parties hereto, that this Lease is deemed to grant to Lessee the right to mine barite ore only from the above demised mining claims. Any and all other precious metals on said claims shall remain the property of Lessors. With respect to such other precious metals, the parties hereto specifically covenant and agree that should Lessee desire a lease for same, that Lessors and Lessee will enter into a supplemental agreement with regard to such other precious metals.

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All payments of rentals or royalties, as hereinabove provided, shall be paid by Lessee to the Eureka Branch of the First National Bank of Nevada, Eureka, Nevada, for payment to Lessors, and the payment made shall not require apportionment by Lessee to Lessors, it being understood that said apportionment will be made by the said Bank in accordance with written instructions delivered to it by Lessors.

Lessee specifically warrants and agrees to save Lessors and the demised mining claims harmless against any liability, claim, suit, debt, or liability of any kind that may arise as the result of Lessee's conduct of mining operations on said demised mining claims, unless such claim or action is the result of Lessors specific action. In this regard, Lessee agrees to carry all proper industrial compensation insurance as may be required by the laws of the State of Nevada covering his employees working on said demised mining claims. Lessee further agrees to comply fully with all requisite state and federal mining regulations or directives concerning the above demised mining claims.

Lessee agrees to perform all work on the above demised mining claims in a good and minerlike manner, observing safe and prudent mining practices, with a view toward protecting ore reserves for future extractions, during the term hereof, or any extension or renewal hereof, and further agrees to protect said mining claims by doing sufficient mining work thereon to constitute required annual assessment work, and that he will promptly and properly file and record in the office of the County Recorder of Eureka County, Nevada and in the requisite office of the Bureau of Land Management, such affidavits or Proofs of Labor as may be required for the protection of said claims.

Should Lessee desire to locate mineral sites in connection with his mining operation concerning the above demised mining

*Rec. 11/11*

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claims, that such ~~mineral site or mineral sites~~ shall be located and recorded in the name of and for the ownership of Lessors.

Lessee shall allow Lessors' agents, at any and all reasonable times, to enter in and upon the demised mining claims for the purpose of inspection or for the purpose of taking measurements to determine tonnage removed and further grants to Lessors the right to inspect all records concerning ores and produce all records pertaining to the operation conducted on the above demised mining claims.

Lessors covenant to Lessee that they are the owners of the above demised mining claims, and that the same are good, valid and subsisting claims, subject only to the paramount title of the United States of America, and that they have the exclusive right to lease said claims and to collect royalties by reason of mining minerals therefrom, and they further warrant, covenant and agree to defend their possessory title to said demised mining claims unto Lessee, his heirs, executors, administrators, and assigns, against every person or other entity claiming possession thereof.

All machinery, equipment and personal property which may be placed on said demised mining claims by and at the expense of Lessee may be removed by Lessee ten (10) days after the termination of this Lease.

This Lease may be assigned by Lessee to ACOMA MINING & MINERALS, INC, a Nevada corporation presently being formed by Lessee, but other than that assignment, this Lease may not be assigned, in whole or in part, without the prior written consent of Lessors. *in a white "A" attached*

Regarding all ores mined and shipped from the above demised mining claims, Lessee specifically covenants and agrees to assume the payment of all taxes levied or assessed thereon by the State of Nevada, or other governmental agencies, with

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respect to the taxes on the Net Proceeds of Mines.

In the event that Lessee shall default in any terms or provisions of this Lease, the Lessors may terminate this Lease upon thirty (30) days written notice to Lessee of their intent to declare this Lease terminated and at an end. If Lessee is unable to rectify or correct the matter or thing in default within the said thirty (30) day period, then, in that event, this Lease shall terminate and Lessors shall be entitled to keep and retain all moneys paid hereunder to them by Lessee. In the event of such termination by Lessors, Lessee shall have no further liability under the terms hereof, other than to return possession of said mining claims to Lessors and to account to Lessors for any accrued royalty payments. The thirty (30) day notice as herein provided shall be by registered or certified mail, postage prepaid, addressed to Lessee at the address hereinafter provided, and said thirty (30) day period shall commence upon the date that posting of said notice is made. Should the default be corrected by Lessee within the said thirty (30) day period of time, then, in that event, this Lease shall continue in full force and effect.

Should the ore body on the above demised mining claims be depleted or otherwise reduced in quality to the point where economically commercial mining may not be conducted thereon by Lessee, then, in such event, Lessee may terminate this Lease and restore possession of the above demised mining claims to Lessors, upon his giving to Lessors thirty (30) days prior written notice, by registered or certified mail, postage prepaid, addressed to Lessors to the addresses hereinafter set forth for them. From and after the expiration of the thirty (30) day period, commencing with the date of posting, Lessee shall have no further liability hereunder other than to account to Lessors for any and all royalties accruing until the time of such termination.

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The addresses to which all communications may be sent, between the parties, are as follows:

LESSORS: RICHARD GERISH and  
LEE BITTON  
P. O. Box 147  
Eureka, Nevada 89316

LESSEE: ANDREW A. McDERMETT  
6625 West Chinden  
Meridian, Idaho 83651

and to ACOMA MINING & MINERALS, INC.  
c/o Puccinelli & Puccinelli  
Attorneys at Law  
P. O. Box 530  
Elko, Nevada 89801.

Lessors do hereby covenant and agree that Lessee, paying the rentals and royalties as hereinabove provided, and observing the covenants and agreements herein contained, shall and may peaceably and quietly have, hold and enjoy the said demised mining claims during the full term hereof, or any extension or renewal hereof.

The provisions of this Lease shall inure to and be binding upon the heirs, executors, administrators, successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the parties hereto have hereunto set their respective hands the day and year first above written.

  
RICHARD GERISH

  
LEE BRITTON

LESSORS

  
ANDREW A. McDERMETT

LESSEE

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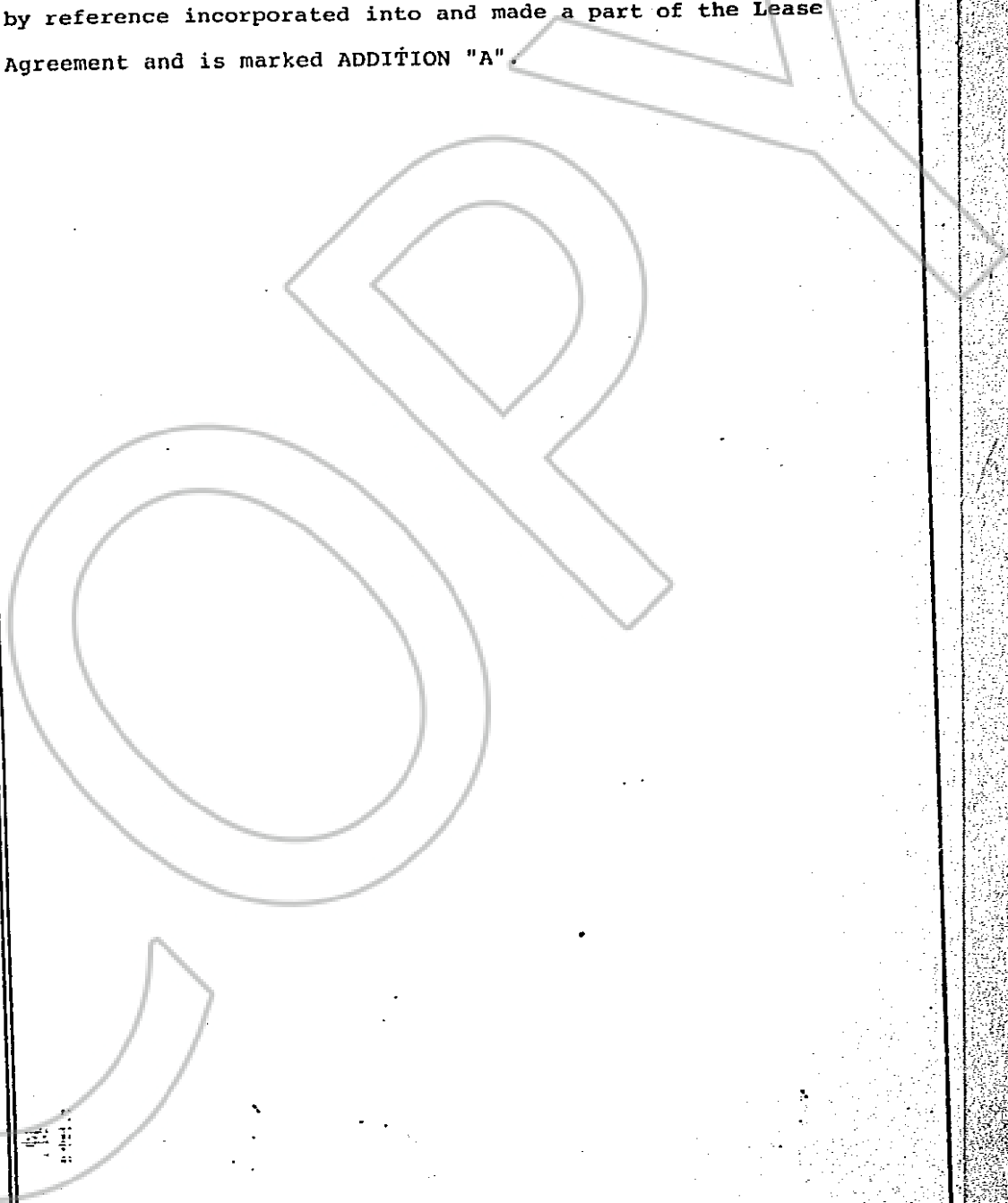
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ADDITION "A"

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IT IS AGREED AND UNDERSTOOD that Lessors have entered into this Lease Agreement solely with ANDREW A. McDERMETT as Lessee.

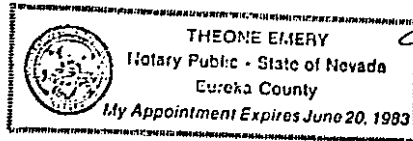
That Lessors will hold the said Lessee responsible for full compliance with the terms of this Lease Agreement. This addition to the Lease is by Agreement of the parties attached hereto and by reference incorporated into and made a part of the Lease Agreement and is marked ADDITION "A".





STATE OF NEVADA )  
COUNTY OF EUREKA ) SS.

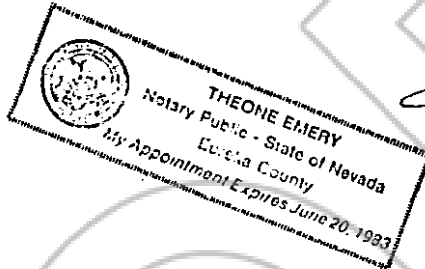
On December 5, 1980, personally appeared before me, a Notary Public, RICHARD GERISH and LEE BRITTON, who acknowledged that they executed the foregoing instrument.



*Theone Emery*  
NOTARY PUBLIC

STATE OF )  
COUNTY OF ) SS.

On December 5, 1980, personally appeared before me, a Notary Public, ANDREW A. McDERMETT, who acknowledged that he executed the foregoing instrument.



*Theone Emery*  
NOTARY PUBLIC

RECORDED AT REQUEST OF  
*Andy Mc Dermott*  
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OFFICIAL RECORDS  
EUREKA COUNTY, NEVADA  
WILLIS R. DONALD - RECORDER  
FILE NO. 8123  
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